

# Salvaging Timber: Frequently Asked Questions

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## Who can I contact for help?

If you are a landowner whose timber has been damaged by a natural disaster, you will need a forester's help in estimating damage and determining a deductible casualty loss. A forester also can help you market salvage timber and decide the best way to manage undamaged standing timber. The Texas Forest Service has foresters in most counties who are available to help. Contact information can be found at <http://texasforestservicetamu.edu>.

As a service to landowners, the Texas Forest Service also maintains a Professional Management Service Referral list on their Web site. Landowners should be sure any firms they hire can meet their needs. The Association of Consulting Foresters also maintains a listing of foresters (<http://www.acf-foresters.com>).

## What should I do with my damaged timber?

Consider these questions before taking any action.

1. Do I have a manageable timber stand left undamaged?
2. Will I be able to make a timber sale in the future when prices are better?
3. Can I salvage the damaged timber?

To answer these questions you will need vital information about your specific situation; foresters can help you obtain this information.

When damage occurs in patches, consider making the damaged patches new stands separate from undamaged patches. Avoid selling undamaged timber as salvage; this would be recommended only when a future timber harvest isn't warranted. More money can be lost by selling good trees in a poor market (which usually exists after a widespread loss of timber) than can be earned by salvaging damaged trees. Do not allow the salvage operation to damage good trees. The income from a salvage cut is usually small compared to that from a future harvest when better prices return.

## How fast do I need to salvage my damaged timber?

Timber deteriorates faster during the hot summer months than in winter, but on average, severely damaged pine sawtimber should be harvested within 2 to 3 months. Pine pulpwood can be harvested within 6 months for most paper uses. Slightly damaged pines and severely damaged hardwoods may have some value 6 months to a year following damage. Slightly damaged hardwoods may last for several years. Some wind-damaged trees may not qualify as sawtimber because of the internal damage they suffered.

## How should I select a buyer/operator to salvage my timber?

Select a salvage timber buyer or logger in much the same way as for a normal timber sale. Although the timber needs to be harvested in a timely manner, don't rush or select an operator with whom you are not comfortable. You should have a contract that clearly states what timber is to be removed and what timber it to be left. Remember that even during this time all Best Management Practices should be followed. If a timber buyer approaches you, ask for references and check them. Loggers with good equipment, trained crews, and Sustainable Forestry Initiatives (SFI) certification are going to be in high demand. Be sure that loggers operating on your property have both limited liability and workers compensation insurance.

## What other risks does my timber face during this time?

Damaged timber is at much greater risk from southern pine beetle, Ips engraver beetles, black turpentine beetle, and other wood-boring insects. Fresh pine debris and stressed timber are excellent breeding sites for these insects. It is common to find Ips engraver beetles in slash material. Southern pine beetles do not typically use slash material, but do infest standing damaged trees. Such trees should be monitored over the next 2 to 3 years for bark beetles. Continue to inspect standing undamaged timber for signs of beetle attack, such as fading crowns and pitch tubes. To prevent problems with wood-boring insects, harvest the most severely damaged timber first, harvest pines first because they are most susceptible, and spread slash away from healthy trees to prevent the build-up of insect populations.

The other major risk at this time is fire because of the vast amount of debris on the ground. This fuel dries very quickly in the summer sun; if ignited, the resulting fire could be devastating. A large amount of debris on the ground could limit fire fighters' ability to control a fire. Follow all recommended burn bans and take great care to prevent a forest fire.

## How can timber value be estimated in damaged timber stands?

Because of the difficulty of estimating the salvage value of timber and the complexities of the market, we strongly recommend that landowners get help from professional foresters in determining timber value.

## How can I use a timber cruise to estimate a timber casualty loss?

The deductible loss from a casualty is the lesser of the fair market value of the lost timber and one's basis in the timber. Casualty losses can be claimed on IRS Form 4684, which is available in IRS Publication 2194, the Disaster Losses Kit. To file this form and claim a loss, a landowner needs three values:

- ♦ the fair market value before the disaster;
- ♦ the fair market value after the disaster; and
- ♦ the basis in the timber.

Timber basis is the key. If the basis is zero, there is no deductible loss. The timber basis should already have been established. If not, a retroactive basis may be estimated. Combine the cruise above with growth information collected with an increment borer. Grow the timber backward to the time the property was acquired. See *msucares.com* for more information on how to determine basis. Generally, it is worthwhile to estimate basis if a forester's fee is less than 15 percent of the estimated basis.

Values calculated from cruise needed on IRS Form 4684:

Fair market value before = the sum by product [total tons/ac x values before disaster].

Fair market value after = {the sum by product [undamaged tons/ac x values after disaster]} + salvage value of damaged trees.

For more information see Texas Cooperative Extension publication ER-041.

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